
**Financial Institutions &
Insurance Committee**

HB 2481

Brief Description: Insuring victims of crimes.

Sponsors: Representatives Williams, Blake, Appleton, Moeller, Hasegawa, Chase, Rodne, Eickmeyer, Conway, Roberts, Hunt and Simpson.

Brief Summary of Bill

- Prohibits an insurer from taking an adverse underwriting action against specified insureds as the result of an insurance claim stemming from the crime of arson or malicious mischief.

Hearing Date: 1/19/06

Staff: Jon Hedegard (786-7127).

Background:

Regulation of Insurance Underwriting: The Office of the Insurance Commissioner (OIC) is responsible for the regulation of the insurance industry in the State of Washington. The OIC is authorized to regulate both the underwriting and rate-setting practices of the companies doing business in this state. In addition, the OIC is given broad regulatory authority to prevent insurance practices that are either unfair, deceptive, or discriminatory. Under current law, there is no explicit regulation of the underwriting practices of insurers with respect to claims stemming from arson or malicious mischief.

Summary of Bill:

"Underwriting action" is defined to include when an insurer:

- cancels or non-renews an existing policy; or
- changes the terms or benefits of a policy.

The protections provided by the bill apply to:

- a health care facility;
- a health care provider;
- a religious organization;
- a commercial, research, or educational organization that uses animals or plants for food, fiber production, agriculture, breeding, processing, research, or testing;

- a commercial, research, or educational organization that uses, purchases, or offers for sale a product that contains animal or plant material;
- a zoo, aquarium, circus, rodeo, or other entity that exhibits or uses animals for educational or entertainment purposes;
- an entity or fair or similar event intended to advance agricultural arts and sciences; or a facility managed or occupied by an association.

Insurers are prohibited from taking an underwriting action against the specified insureds as the result of a property insurance claim stemming from the crime of arson or malicious mischief. The prohibition applies to insurance claims made within five years of the underwriting action. An insurer may take an underwriting action due to other factors.

The insured is required to file a report with a law enforcement agency that contains facts sufficient to put the insurer on notice that the loss was the result of arson or malicious mischief. The law enforcement agency, in turn, must make a determination that an insured is the victim of a crime in order for the insured to be subject to the protections afforded by the bill. The amendment also requires that an insured cooperate with any investigation by law enforcement authorities and insurance investigators

An insurer that takes an underwriting action against an insured who has filed an arson or malicious mischief claim during the preceding five year period must report the action to the OIC

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.